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ENGLISH VERSION

OF

THE URDU OR HINDOOSTANEE EXPOSITION

OF THE

NEW INDIAN PAPER CURRENCY

FOR THE INFORMATION OF

The Natives of India.

CALCUTTA:

Printed by F. F. Wyman, Home Secretariat,

1860.

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THE NATIVES OF INDIA.

It is well known that money being the medium of Exchange in all transactions, ought to be an article easily and cheaply made, of standard never varying in value, and so light as to be easily carried and securely remitted from place to place. In India, as in all other countries, silver and copper have been used for the medium of exchange. But both these substances are of considerable weight, and are therefore inconvenient for any person to carry with him in sufficient quantities for practical use, and are difficult to be transported from place to place. In most countries gold is partly used for money, being a much lighter substance. At one time the use of gold for money was authorized by the Government of India; but this was discontinued, because it was found that the value of gold fluctuated from time to time in India; and consequently variations occurred in the quantity of gold receivable in lieu of a certain quantity of silver. As the original money authorized by Government was in silver, and as the obligations of the Government itself were contracted in silver, and as all private transactions had reference to silver coin, it was necessary that silver should be the standard of value, and that gold, if used at all, should conform thereto. The uncertainties then attending the

value of gold rendered its use inconvenient, and consequently Government ceased to authorize it.

2. But in all European countries paper money is authorized. Under proper arrangements, there are *many* advantages in paper as a medium of exchange: *First.*—Paper is a thing, which is very light, easily made, and does not cost much: while gold or silver costs a great deal, and is scarce or abundant according to the demand in other countries, and the richness of the mines in distant lands. And paper which represents a given quantity of silver coin, and can be exchanged for it, performs all the functions of money in the transactions between the Government and the people, and between man and man. Paper is the substitution of an article which costs very little for one which costs a great deal: but the paper so regulated will always retain a value as fixed and unvarying as the coin itself, by regulations to be strictly observed. The only thing needed is, that the Government which authorizes paper money should take proper precautions.

Secondly.—Gold or silver or other metal has to be coined before it can be used as money, and the coining is always an expensive process. Whereas, the making of paper Notes is comparatively cheap and easy. So far, then, as paper Notes can be substituted for metal coins, a great expense is saved to Government and to the people at large.

Thirdly.—Paper being the lightest of substances is most easily carried or transported. Thus much trouble and inconvenience is saved to the people.

Fourthly.—But in order to secure to paper the same value as the coin which it represents, it is essential that it can be easily and at all times exchanged, without any reduction, discount or batta, for the full amount in Silver coins; and therefore by means hereinafter explained provision will be made to enable every one who holds any Government Notes to receive in exchange for them the same number of Silver Rupees.

3. In England the paper money is issued by a Central Bank, which is partly supported by the Government, and the Notes of

which have the validity of Government sanction. To a certain extent, a similar plan exists in India, there being Banks at Calcutta, Bombay, and Madras, which are partly supported by Government, and which issue notes under Government authority. But it would be impossible to establish any such Bank or Banks for the whole of such a country as India. If paper money is to be current throughout the Empire, it must be managed and issued by the Government itself.

4. With this view a special Department will be established in Calcutta for the preparation and issue of paper money, *i.e.* Notes. And besides this Department, no Bank, or Mercantile firm, or person, will be allowed to issue Notes. A Note, as above-mentioned, will mean a Promissory Note, payable to bearer on demand. It is therefore to be understood that no one, save the Government itself, is to make or issue a Note payable in coin to bearer on demand, the amount of which may be paid to any one who holds it, without any receipt or other endorsement being required, and which can therefore be passed from hand to hand just as if it had been silver coin. Such Notes will in future be issued by Government alone. But merchants, traders, and others may, as heretofore, issue Bills of Exchange payable to a particular person, or to a respectable merchant; and on payment or acceptance, or transfer, to be endorsed with the signature of the party concerned. With Bills of this kind which are so necessary for the convenience of commerce, there will be no interference whatever. On the contrary the Government will be glad to see their increase as a sign of the prosperity of the people.

5. The Government Notes or paper money which are now to be issued, will be prepared in the Department above mentioned at Calcutta. Special arrangements will be made after the manner which prevails in England, to make the Notes capable of being easily and certainly recognized, and to be impossible of imitation by means of forgery; and such numbers and marks will be affixed, that, if a Note be injured or partly destroyed, and if even that portion only which contains the number be saved, still the Department of issue can identify the Note and either cash it or renew it.

The Notes will be for various amounts, from low sums to high, so that they may be used by all classes, rich and poor, and for all kinds of transactions, small and great. The amounts will be for

Rupees	5	Rupees	100
"	10	"	500
"	50	"	1,000

The Notes will be in the English language, but the amount of Rupees will be expressed in the Hindoostanee language, which is more or less known all over India, and also in the Vernacular dialect of the districts of the circle in which the Note is issued. But in order that the form of the English Note may be well understood, the following translation is appended:

[FORM OF NOTE]

Government of India.

I promise to pay the bearer on demand

TEN RUPEES,

here or in Calcutta,

1860, March 1—Delhi—1 March 1860,

For the Government of India,

10 Rupees.

John Smith.

6. The Department in Calcutta, then, will make the Notes for all India, and will transmit them in such quantities as may be needed to the several Presidencies, and to other parts of the country. Each Presidency or Province, or other Division of the Empire, will be divided into appropriate circles. At the head quarter of each circle an office will be established for the receipt and issue of the Notes. For each circle there will be appointed an officer to be called Deputy Commissioner: at the Presidency Towns of Madras and Bombay there will be appointed a Commissioner of issue: and at Calcutta there will be one Head Commissioner of the Issue Department of all India. The names and boundaries of the several circles, the names of the districts included in them, the names of the places where the offices of issue have been established, will be proclaimed by the Civil Officer, and will be published in the *Gazette* and newspapers, so that all men may take note thereof.

7. Each note will bear the name of the circle in which it is issued, and will be current either within that circle or else at the Presidency town of the Presidency within which the circle is situate: for instance a Note of the Allahabad circle or the Lahore circle would be current and payable within those circles respectively or at Calcutta, a Note of the Bangalore circle would be current and payable either within that circle or at Madras; and so on.

8. Within circles, or at the Presidency towns, then, the Note will be current for all purposes of money, just as if it were silver coin; for instance, a Land-holder has to pay a hundred Rupees of land tax: he may give in Notes to that amount at the Collector's Office, or at the Tuhseel, and it must be received as so much Government Revenue without any deduction, discount, or batta, whatever. On the other hand the Collector may pay the interest due on a Government security or Company's Paper, in Notes to that amount, or any person may purchase Company's Paper in the market and pay for it in Notes. Again, a man buys an article in a shop worth five Rupees; the purchaser gives a five-rupee Note, and the price is considered to have been paid. Or again, one

man owes another 50 (fifty) Rupees; the debtor gives Notes amounting to fifty Rupees, and the obligation is considered to have been fully discharged.

9. Any holder of a Note or Notes to any amount, who may require cash in silver coin, may, on presenting the Notes at the Issue Office of the circle, or at the office of the Presidency in which such circle is situate, obtain cash for the full amount of the Notes immediately on demand, without any discount, batta, or deduction; but no Note will be cashed under any circumstances, whether with or without discount, at any other Government Office except those of the particular circle and of the Presidency. No person, and no public officer, can legally object to receive, nor can he charge any discount on, a Note within the limits of the circle named in the Note. He is as of right entitled to give, and he must receive, the Note, as representing the amount in rupees named in the Note; but no party is entitled as of right, or obliged to receive such a Note at any place *beyond* the limits of the circle specified on the Note. If any person pass a Note beyond the limits of the circle, he must pay whatever discount there may be, according to the rates of the Bazaar.

10. In order that the Officers in the several circles and at the several Presidencies may be certainly able to pay cash immediately for any Notes that may be presented, the Government will arrange always that silver coins be kept in the various offices of issue to the amount of a certain proportion of the Notes in circulation, and that Government securities be deposited in those offices to the value of the remainder of the Notes in circulation. The exact proportion of the Notes to be represented by silver coin and Government securities, respectively, will be fixed by the Government from time to time; but the proportion of the whole amount of Notes to be represented by silver coin can never be less than one-third. The Head Commissioner and the Presidency Commissioners will be responsible for the keeping up of these proportions, and for the supplying the Offices of issue with cash and Government securities accordingly. The Head Commissioner and Commissioners will receive weekly account

and statements from every office of issue in the interior of the country, and will see constantly that each office is properly supplied with cash and securities.

11. The silver coins and Government securities kept in the offices of issue will therefore be devoted absolutely to, and specially held as security for, the payment in cash of the amount of any Government Notes of paper money which may be presented for payment, so that there may be no doubt or possibility of failure in this respect.

12. In asmuch as there are Government Mints at Calcutta, Bombay, and Madras, the Head Commissioner at Calcutta, and the Commissioners at Bombay and Madras, will receive uncoined silver and silver coins other than the authorized Indian rupees; and having ascertained the value of such uncoined silver or foreign coins according to the standard Indian coinage, and having allowed for the cost of coining or re-coining the same at the Mint, will then at once give Government Notes in lieu thereof.

13. It will be competent for the Head Commissioner in Calcutta, or the Commissioners in Madras and Bombay, to purchase up Government securities or Promissory Notes (commonly called Company's Paper) at the market rates of the day, paying for the same in silver. This will be necessary in order that the offices of issue may be supplied with the requisite amount of Government securities.

14. Now it is evident in the first place that this scheme of paper money is fair and equal as between Government and the people. It is not framed for the convenience of Government alone; but for the convenience of both Government and the people equally. There is perfect reciprocity between the two, Government is hereby obliged to receive its revenue and taxes in paper money,—it is therefore obviously just that Government should pay the interest of its debt in the same money. Again, every man may pay his dues to the State in paper money, therefore it is just and convenient that he should receive his debts from other men in the same money. The Government makes one rule for all classes of people, and for all kinds of transactions; and being itself

the most important of all parties, and having itself the most extensive of all transactions, it will bind itself strictly to abide by that rule. The observance of the rule, then, is as certain as the faith of the British Government, which is as firm as the everlasting hills.

15. Next, it is evident that the convertibility of the Notes, that is the payment of cash in lieu of them when presented at the offices of issue, is rendered as certain as the existence of the Queen's Government itself. So long as that Government shall last (may that be for ever) these Notes will be as good as silver coins, and immediately convertible into cash.

16. Next, the convenience to the people at large will be great. The trouble and risk of carrying or despatching heavy silver coins are notorious. It often happens that people are obliged to purchase gold coins in the market, even at the sacrifice of a considerable batta, in order that they may obtain light and portable money. For this reason it has been for many years a matter of regret to the Government, that owing to the variable value of gold, a gold coinage could not be provided for the people. But now the Government has devised a form of paper money, which is as good and safe as gold, and which is even more light and portable. Men may go long journeys with Notes to large amounts safely concealed, or carried about their persons. If a coin however small be lost, it may not be recovered; but if even a part of a note be preserved, its identity can be known at the office of issue.

17. Lastly, the saving of expense to the State will be great. The establishing of a coinage is always an expensive and difficult operation. The metal has to be procured at a great distance and at a considerable cost. Then it has to be melted down and formed, and weighed and stamped at the large and expensive establishment of the Mint. Let any one reflect on the crores of coins now circulating in India, and on the cost and labor to the State in forming such a coinage: and what a saving it would be to the country if a part even of this cost and labor could be avoided. Now a part of this certainly can be avoided by the establishing of a secure paper currency. The effect of such a currency will

indeed be the same as if a silver mine or a gold mine had been discovered in the plains of Hindoostan, or in the valley of the Ganges. Again, every one knows the expense and trouble of despatching Government treasure from one station to another, and the trouble it gives to the soldiers who have to escort it. Much of this will be saved by a paper currency. Again, all people know the loss occasioned to the Government and to well-disposed subjects by the plunder of treasure during the disturbances. Had this money been in paper instead of in silver, it might have been easily preserved from depredation. In short, so far as the interests of Government are concerned, there is no doubt that this scheme will cause a saving of many lakhs of Rupees a year: all which saving will be devoted solely to the good of the country and the people, either in the reduction of taxes, or in expenditures for the improvement of the country.

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